

# Holding on to high quality tenants a focal point for Redefine

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Retaining tenants has been Redefine Properties' priority in 2017, says the CEO of the large real estate investment trust Andrew Konig.



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Redefine had spent resources on improving its portfolio to keep high quality tenants which had many choices of landlord, Konig said at a pre-close briefing. The South African economy and political landscape were unpredictable. Lots of attention had to be given to tenants in a market where growth opportunities were scarce, he said.

Redefine's 9.4% forward yield was expensive and punitive, he said. This was especially because the R186 government 10-year bond was sitting at 8.6% and Redefine had, up to mid-May, tracked the R186 very closely, Konig said.

On Redefine's retail assets, he said its shopping centres were experiencing the addition of more food retailers at the expense of apparel stores.

Shoppers were visiting less, but trading densities were up. Large high-price items were being replaced by a spend on what people needed, Konig said

Redefine wanted to hold on to its stakes in Redefine International, which invests in western Europe, and Cromwell, which invests in Australia. These investments made sense for Redefine and were in good hands, he said.

Redefine had also maintained its 40% ownership of Echo Polska Properties, a company that owns retail centres and offices in Poland.

Business and consumer confidence were low in SA, Konig said. Redefine had adapted its strategy in the prolonged uncertain operating environment.



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Redefine was on track to deliver its market guidance of 7-8% for its 2017 financial year. It has about R4bn of facilities for further acquisitions locally or abroad. The company will present its annual results for the financial year to August on 6 November.

The Redefine pre-close presentation had emphasised the sentiment of weak domestic growth, said Jay Padayatchi of Meago Asset Managers. Various listed property groups were facing difficult conditions, he said.

*Source: Business Day*

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